Session 11



Questions we will answer during this session:

What are the similarities among the campus-based programs?

What are the eligibility, funding, and administrative requirements of each of the campus-based programs?

What are the rules for transferring campus-based funds?

What are the similarities among the campus-based programs?



All three programs are administered by the school.



The school awards funds to students depending on, among other things, the amount of campus-based funds allocated to the school for that year.



The school applies for and reports on campus-based funds annually using the electronic Fiscal Operations Report and Application to Participate (FISAP).



Each year, the school must match federal funds with nonfederal funds.



Schools must use a "reasonable" percentage of their federal portion to pay "nontraditional" students (independent students enrolled less than full time).



The school is allowed to take an administrative cost allowance (ACA) from the federal portion to help offset the costs of the campus-based programs.

Administrative Cost Allowance (ACA) Calculation:



5% of the first \$2,750,000 of expenditures

- + 4% of expenditures greater than \$2,750,000 but less than \$5,500,000
- + 3% of expenditures greater than \$5,500,000

What are the eligibility, funding, and administrative requirements for each campus-based program?

Federal Supplemental Educational Opportunity Grants (FSEOG)

Considerations in Awarding FSEOG:

- ✓ Award Pell recipients with lowest EFCs first
- ✓ Award non-Pell recipients with the lowest EFCs second
- ✓ Reserve "reasonable" percentage of funds for independent students enrolled less-than-full time
- ✓ If rolling admissions, reserve funds for all start dates

What types of issues do you currently face, or what kinds of issues do you anticipate facing, in selecting FSEOG recipients?

Minimum Award = \$100 Maximum Award = \$4,000

FSEOG Matching Requirements

Total FSEOG Available to Disburse

Federal - 75 %

Nonfederal - 25%



Checkpoint #1: FSEOG Matching

A school receives \$75,000 of federal FSEOG funds for the award year. (All ACA will be taken out of Perkins.)

- 1) The total FSEOG available for the year is ______.
- 2) The school's share will be _____.

Meeting the FSEOG Nonfederal Share

There are three methods by which schools may meet the nonfederal share of FSEOG: *individual-recipient*, *fund-specific*, or *aggregate*.

Individual Recipient

This method involves each individual student receiving 75% federal funds, and 25% nonfederal funds, in his or her FSEOG award.

Fund-specific

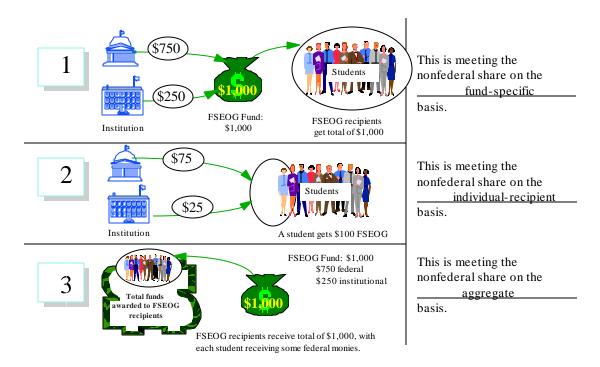
Using this method, the total funds disbursed to all students break down into 75% federal, and 25% nonfederal.

Aggregate

Both federal and nonfederal funds are grouped together, and all students receive some federal money, although not necessarily 75% of their award is federal.

The following illustrates these three methods:

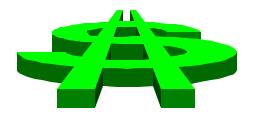
Three Methods to Meet Nonfederal Share



Federal Work Study (FWS)

Gross Wages

- Job-related expenses
- Any taxes that will not be refunded to the student

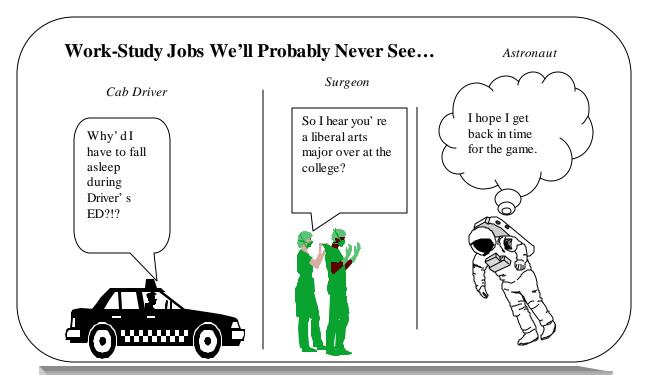


STUDENT'S NET EARNINGS

Federal Work Study Job Descriptions

Job descriptions for FWS jobs must contain the following:

- name, address of student's employer
- purpose of student's job
- student's duties and responsibilities
- job qualifications
- job's wage rate or range
- length of student's employment
- name of student's supervisor



FWS Community Service Requirement

A school must expend at least 5% of its FWS federal allocation to pay students employed in community-service jobs. If the school later receives a supplemental allocation, then the school must expend the greater of:

- 5% of the new total allocation, and
- the amount of the supplemental allocation



To be sure 5% is **expended**, you should **award** more than 5%, in case some students decide not to take the jobs.



Checkpoint #2 – Community Service

Scenario A: A school receives \$500,000 initial FWS allocation and \$30,000 supplemental FWS allocation.

How much must the school expend to meet the community service requirement?

Scenario B: A school receives \$250,000 initial FWS allocation and \$10,000 supplemental FWS allocation.

How much must the school expend to meet the community service requirement?

FWS Matching Requirements

Private, for-profit FWS employment

Federal - 50 %

Nonfederal - 50 %

Any other FWS employment

Federal - 75 %*

Nonfederal - 25 %

A school can pay the nonfederal share using its own funds, outside funds from an off-campus agency, or both.

• Also, the school has the option of paying the student the nonfederal share in the form of noncash contributions of services and equipment (tuition and fees, room and board, and books).

Remember, the federal share can be paid directly to the student, or credited to the student's account (with the student's authorization)!

^{*}This can be as high as 90% if the student is working for a public or nonprofit agency without enough funding. This exception may not apply for more than 10% of a school's FWS students.

Directions: In the following scenario, find the four mistakes the school is making.

Sutton College receives a federal allocation of Federal Work Study funds in the amount of \$600,000. FWS is Sutton College's only campus-based program.

All of the FWS jobs available to Sutton's students are with nonprofit agencies; all of these agencies do have funding to pay the students. With that in mind, the business office at Sutton calculates the required nonfederal match at \$200,000. The total available to pay students is therefore \$800,000.

Assuming they will expend the full \$800,000, the school then anticipates its Administrative Cost Allowance as \$32,000.

Not forgetting the community service requirement, Sutton officials decide that they must expend \$30,000. So, they send award letters to potential FWS students to offer FWS jobs that would pay out \$30,000 over the course of the year.

One of the jobs, tutoring professors' young children in a reading program, is set up for \$4.50/hour. The school decides that this program will serve both as part of the America Reads Challenge and the expenditures to pay students will help meet Sutton's 5% community service requirement.

Circle the 4 mistakes and correct them below.

1)
2)
3)
4)

Federal Perkins Loan Program

Annual Maximum - \$4,000 undergrad; \$6,000 grad Aggregate Maximum - \$20,000 undergrad; \$40,000 grad (aggregate for grad **includes** undergrad amount)

Perkins Matching Requirements

Total Allocation

Federal Capital Contribution (FCC) - 75 %

Institutional Capital Contribution (ICC) - 25%

You can think of the ICC as 1/3 of the FCC, or 1/4 of the total allocation.

Example:

FCC: \$3,000 ICC: \$1,000 Total: \$4,000

(1/3 of FCC)

(1/4 of Total)

Perkins Loan Counseling

When counseling Perkins borrowers before disbursing the money, include the following:

The loan must be repaid;

The borrower has certain rights and responsibilities; and

The money can only be used for educational purposes.

Also, you' re encouraged to provide other helpful information to students, including:

Preliminary debt counseling on total debt and repayment terms;

Advising students to keep all records pertaining to the loan, including repayment records; and

Reminding students to inform the school of any changes in addresses, names, or other information.



FEDERAL PERKINS LOAN PROMISSORY NOTE

Section A: Borrows	r Section	(自) (1)		N A STATE	
Name (last, first, middle initial) and Permanent Address (street, city, state, zip code)			Social Security Number Date of Birth		
			5. Driver's License Number (List state	abbreviation first)	
Section B: School S		NO. 30 63			
	Address Istreet, city, sta	re, zip code)	7. Borrower Status	8. Interest Rate	
2. 201001 110 110 0	some and the same and and		Had time or preser Chesstren had time	5%	
Loan Amount	Loan Period	Date Signed	Borrower's Signature		
TERMS AND CON	DITIONS.			10, /	
If 1961, as amended thereing Jainten as seed under the GEPAYMENT - I are obting to provide scores if I am a sandde the United States ap proyment period beginned interest on this look shall as monthly payments. Upon in a spondungs with a school The inhool may much any Perform loans made betters.	reflectabled the Actions well us in Action and the principal and has then a healt carry borrower? sproved by the United States Source 1 understand that the school to the Tom the begunning of the ity written request the repayment as approved by the Secretary. I Install that payment to the near	Federal regulations instead under the interest that occurs on it to after the case I chase to be at he crearry of Education, (nevertance of will report the smooth of the repayment period. My repayment to periodinary be extended duri- vell trado my thous from paym- in highest multiple of \$3. [I will be \$30 minimum payment opt	eshall be intercrited in accordance with Part E of Title IV of the ritle Act. All sums advanced under this note are subject to the cite above mained institution (thereinofter callen the action () me as a title former student at an institution of higher which allow or a restled the Secretaryl and ending 10 years later, unless I requestional train power when a along with the amount of the four it is a first period may be shorter than 10 years IT can require thy my nig periods of deforment, flandings on forcestance and I may means an equal monthly temperative or quotients. The literature are specified in accordance with the Minimum Manufity Payment, Section 1 in accordance with the Minimum Manufity Payment, Section 1.	Acrand Federal or a period beginning 9 comparable school data serving that my national credic bureau school to make minimum abe graduated instalment attemmently therefool counter ding Federal	
LATE CHARGES - The id- payment, a properly docume of my monthly bimonthly.	had will impose take change if tenred within request that I gu	I do not make a scheduled bays alify for any of the increasance of may add the lare charges to ;	man, when due or if I fait consistent to the school on or before determine or concelled or benefits as described bears. No less principal the day after the school of repayment was due or include the entire transfer to school or the early to school or the school.	changes may exceed 20%:	
REQUESTS FOR DEFER	MENT, CANCELLATION O	R FORBEARANCE - To most the school requires to prove my	he deferment, concellation, or information banklis. I trust make eligibility for these benefits. I am responsible for informating th		
deforment, cancellacion, or declare my tolen us be an de pollection down). The school relevant loan information if that is performed after the	furbranes; or if I fall to comp flack and may appliered my load of, and the Secretary II my load I will lose my traffit to defen pay	ry with the terms and condition in laterance arrived are payment to seagge disc the Secretary No- month and myinghat of forbeath sent. Limit have against formany	only in the before the five date of a scheduled payment, docume no of this promissory date or written replay the traperation. One is of the entire ampeticibalistic of the loan, including principal, states, can shall disclose to the loan including principal. I have been appropriate at the effect of Jackson and the first load of the loan appropriate at the formation of the loan appropriate the loan appropriate the loan appropriate association and the desired or desired.	school may an its option numes, fact changes, and we delaulated and all other Carlonhene Environmentor.	
CHANCE OF STATUS	Twill inform the school of any	change in my name, address to	expirate in titles. Social Security our other, or driver's license ou	nte	
ASSIGNMENT - Data not audignee	ce may be avergreed by the action	analy on the United Scares. The	provisions of this note that reface to the school shall where app	arophaterelace or the	
PSOMISE TO PAY 1 pro- and other few which may be option and any amount of	become due as provided in this so: paid when due. I will not sig	Note, I promise to pay all remo yn data Note before reading it. In	ry Note, the sum of amounts) advanced to the under the terms machinostheritorisms, including among fees and other charges reliating the provisions on the reverse ride. Eath loan has been re- terms and conditions of this Promissory News, THIS IS A COA	i, recessary for the nade to me without	
Borrower's Sign	nature		Date:		

Terms and Conditions (cont.)

HARDSHIP REPAYMENT OPTIONS - Upon my written request, if I qualify as a low-income envisorable during the repayment period, the achood may extend the repayment period for up to an additional ten (10) years and may adjust any repayment schedule to reflect my indoorse. Upon my written request, the achool may extend the repayment period of its options, prolonged those or unamployment prevent me from making the icheckeled repayments during which rime interest will continue to access. The school may bearnit me to pay less than the interest will continue to access. The school may bearnit me to more than one year of a time if I expensives period of princinged thress or unamployment except such action may not extend the repayment period beyond 10 years.

CRACE PERIODS - My initial grace period before beginning repayment is 9 months. If I am a Less-Thar-Half-Time-Borrower with outstanding Federal Perions Loans, my objective heights when the near scheduled installment of my obstanding loan to due. If I am a Less-Thar-Half-Time-Borrower with no constanding Federal Perions Loans, my repayment begins the oather of 9 months from the case I became less than a half-time student, even if I received the loan after I became a less than a half-time student. My payments will resume after a pool-deferment grace period of 6 months that follows deferments that apply to Federal Periods loans.

PREPAYMENT - I may prepay all or any part of my unpaid from balance, plus any accrued interest, at any time without penalty Amounts I repay in the academic year in which the loser was made and before the initial grace period has ended will be used to recursive amount during the academic year in which the loser was made amount during the academic year in which the loser was made and the Initial grace period ended outly those amounts in excess of the amount due for any academic year in the loser was made. If, in an academic year other than the award year in which the loser was made. I weapy more than the amount due for an issualtment, the excess will be used to repay prove that in the collection is a superior of the near repay proved in the coll designate if as an advance payment of the near regular institution.

MINIMUM MONTHLY PAYMENT - I will make a minimum monthly repayment of \$40 (or \$30 if I have constanding Federal Perkins loans make before October 1, 1992 that included the \$30 minimum payment option) if required by the school. If the total monthly repayment rate on this loan and any outstanding Federal Perkins loans I may have is less than the minimum monthly repayment rate. A minimum monthly repayment are a minimum monthly repayment rate. A minimum monthly repayment amount will combine my obligation of this and all my outstanding Federal Perkins loans, inclusing those mode at other arbinal. The portion of the minimum monthly payment that will be applied to this loan will be the difference between the minimum monthly payment and the total amounts owed at a monthly rate on my other Federal Perkins loans. If each school holding my mustanding Federal Perkins toans exercises the minimum monthly payment aption, the minimum monthly repayment wall be disided among the schools in proportion to the amount of principal advances by each school.

FOR BEARANCE - Upon making a properly documented written request to the school. I am craitiled to for bearance of principal and interest or principal only, renewable at interest up to 12 months for periodisthat collectively do not exceed three years, under the following conditions: If my monthly Title IV has debt burden equals or exceeds 20% of my rotal monthly grow intome; if the Secretary authorizes a period of forthermore due to a national military mobilization or other maneral emergency, or if the school determinenthal I qualify due to poor health or for other reasons, including service in AmeriCoops, Interest accrues charing any period of forbearance.

DEFERMENTS - Upon making a property documented written request to the school. I may defer making scheduled installment payments and will not he liable for any inverest that magnitudes were account?) during my period that I not enrolled and attending as a regular student in accept a holf-time course of study at an eligible school, enrolled and attending as a regular student a graduate fellowship program approved by the Seaminry, engaged in graduate or pant-graduate fellowship-supported study outside the U.S. encoded and attending a rehabilitation training program for disabled individuals approved by the Secretary; engaged in public service that qualifies me to have part or all of my lean canceled. Z. for a period not to exceed three years during which if art unking but unable to find full-time employment. If for a period not to exceed three years during which I am experiencing an economic hardship as determined by the school. I am not eligible for a deferment while serving in a medical interrebilp or resource program. I may continue to defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue for a the morningeriod immediately following the expiration of any deferment period described in this paragraph.

CANCELLATIONS - Upon making a properly documented written request to the original principal come amount of this cam canceled of lawform qualifying service in the areas lated in paragraphs A, B, C, D and E below. Qualifying Service must be performed after I receive the loan.

- A. Teaching * a full-time bascher in a public or other comprofit elementary or accordary school, that has been designated by the Secretary in accordance with the provisions of section 465(g)(2) of the Art as a school with a high roncentration of audents from low uncome families. Art afficial Directory of designated low-income schools in published annually by the Secretary * a full-time special education transfer in a public or damprofit elementary or secondary school system * a full-time teacher, in a public or other morprofit elementary at accountary school system, who reaches mathematical accence, foreign languages beling us education, or any other field of expertuse that is determined by the Stone Department of Education to have a shortage of qualified baschers in that State.
- B. Early Intervention Services na full-time qualified professional provider of early interventionservices in a public or other nonprofit program under public tupervision by a feet agency as authorized by section 672(2) of the Individuals with Disabilities Education Act. Early Intervention Services are provided to infarts and toddlers with disabilities.
- C. Law Enforcement or Corrections Officer + a full-tittle law enforcement officer for an anginie local, State, or Federal law enforcement agency, or + a full corrections officer for an eligible local, State, or Federal corrections agency.
- D. Nurse or Medical Technician * a full-time nurse providing health care services or * a full-time medical technician providing health care services.
- E. Child or Family Service Agency * a fail time employee of an eligible public or private non-profit child or family service agency who is providing or supervising the provision of services to high risk children who are from low-income construction and the families of such children.

Cancellation Rates - For each completed year of service under paragraphs A. B. C. Disno E a portion of this man will be canceled as the following rates:

- 15% of the unginet principal loan amount for each of the first and second years; * 20% of the original principal from amount for each of the third year and fourth years, and * 30% of the original principal loan amount for the fifthyear.
- E. Head Start Carcellation Upon making a properly documented written request to the action, I am entitled to have up to 100% of the original principal from amount canceled for qualifying writte performed after I receive the loan as in a full-time staff member in the educational companion of a Head Start program which is operated for a period companion in a full school year and which pays a salary companion to an employee of the local educational agency.

Cancellation Rate - For each compacted year of service under the Head Start Cancellation providing this loan will be cancelled at the rate of 15% of the original provides loan amount.

G. Milliary Cancellation - Upon making a properly documented written request to the school. I am entitled to have up to 50% of the principal americal of the toan canceled for qualifying service performed after 1 receive the loan as in a member of the Armed Forces of the United States in an area of hostilities that qualification apertal pay under section 310 of Title 37 of the United States Code.

Cancellation Race - For each completed year of service under the Military Cancellation provision, this liam will be canceled at the rate of 12 1/2% of the original principal loan arm. Int.

18. Vulunties: Service Cancellation - Upon making a properly documented written request to the school. I am entired to have up to 70% of the original principal from actionnt of this inserconceld for qualifying service performed after I received the loan action of a volunteer upder the Page Corps Act; *a volunteer under the Page Corps Act; *a programs!

Cancelbring Rate - For each completed year of service under the Volunteer Service Cancellation Scowards, a persion of this dain will be conceled at the following rates

- 15% of the original principal loan amount for each of the first and second— 12-month periods of service, and * 20% of the original period pall barn amount for each of the chird and fourth 12-month periods of service.
- I. Death and Disability Cascallation In the event of my death, the school will cancel the total amount owed on this loan. If I become permanently and totally disabled after I receive this learn, the richool will cancel the total amount owed on this lines.

Federal Perkins Loan Deferment Provisions†

DEFERMENT CONDITION	Federal Perkins/NDSL Disbursed on or after 07/01/93	Federal Perkins Disbursed before 07/01/93 & on or after 07/01/87	NDSL Disbursed before 07/01/93 & on or after 10/01/80	NDSL Disbursed before 10/01/80
Haif-time enrollment	No imit*	No limit*	Nolimit	No limit*
Rehabilitation training	No limit*	Nolimit*	Nolimit*	Nolimit*
Graduate fellowship study 1	No limit*	No limit*	No limit*	Nolimit*
Eligible Internship or residency program:	N/A	2 years 2*	2 years **	N/A
Inability to secure full-time employment	3 years*	3 years*	3 years*	3 years*
Economic hardship *	3 years*	3 years*	3 years*	3 years*
Hardship as determined by school	N/A	Nalimit**	No limit**	Nollmt**
Law enforcement/correction officer	see footnote 5"	see footnote 5*	see footnate 5*	see footnote 5*
Peace Corps/ACTION program volunteer	see foolnote 5"	3 years*	3 years*	3 years*
Full-time volunteer for tax-exempt organization in service comparable to Peace Corps or ACTION	N/A	3 years*	3 years*	N/A
U.S. Armed Service	see footnote 5"	3 years*	3 years*	3 years*
Officer in Commissioned Corps of U.S. Public Health Service	N/A	3 years*	3 years"	N/A
National Oceanic and Atmospheric Admin. Corps	N/A	3 years*	N/A	N/A
Nurse/medical technician providing health services	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5
Temporary total disability or care for temporarily totally disabled spouse/dependent	N/A	3 years*	3 years 6*	N/A
Pregnancy, care of newborn or newly adopted child 1	N/A	6 months*	N/A	N/A
Mather of pre-schooler working or returning to work ⁶	N/A	1 year*	N/A	N/A
Employment in Head Start Program	see footnote 5*	see footnote 5*	see footnote 5*	see footnate 5*
Teacher in designated low-income school	sea footnate 5*	see footnote 5*	see footnote 5*	see footnote 51
Teacher of special education, including teacher of infants, toddlers, children, or youth with disabilities *	see footnote 5"	see footnote 5*	see factnote 5*	see footnote 5*
Provider of early intervention services 10	see footnote 5*	see footnote 5*	see footnote 5*	see footnote 5*
Teacher of mathematics, science, foreign languages, bilingual education, or other field of expertise determined by the state education agency to have a shortage of qualified teachers.	see footnote 5°	see factnole 5°	see footnate 5*	see footnote 5°
Provider or supervisor of provision of services to high-risk children from low-income communities and their families. **	see factnote 5*	see footnote 5°	see footnote 5*	see footnote 5*

^{*}Principal need not be paid, and Interest does not accrue.

[&]quot;Principal and interest may be deferred, but interest continues to accrue.

[†] Notes follow on the next page.

Federal Perkins Loan Deferment Provisions

The chart on the previous page is to be used for reference only. Refer to Part E of the Higher Education Act and 34 CFR Part 674, Sections 674.33 through 674.39 (which the chart and provisions summarize) if you have any questions about a particular borrower's eligibility for loan deferment.

- A deferment request from a borrower enrolled in a graduate or postgraduate fellowship-supported program outside of the U.S. is approved until the completion of the fellowship period.
- The internship program must require that the borrower have a bachelor's degree before being admitted.
 In addition, the program must be required by a state licensing agency for certification for professional
 practice or service or the program must lead to a postgraduate degree or certificate from a
 postsecondary school, hospital, or health-care facility.
- 3 The internship program must require that the borrower have a bachelor's degree before being admitted. The program must be required by the state licensing agency for certification for professional practice or service.
- 4. A borrower is considered to have an economic hardship if the borrower.
 - a. Is working full-time but earning an amount that does not exceed (the greater of);
 - the federal minimum wage or
 - an amount equal to 100% of the poverty line for a family of two as determined according to section 673(2) of the Community Service Block Grant Act OR
 - meets other regulatory criteria that take into account the borrower's debt-to-income ratio as a primary factor.
- Deferment is for a period in which the borrower is engaged in service eligible for Federal Perkins Loan cancellation.
- Applies to borrower or care of spouse only. Does not allow deferment for the care of a temporarily totally disabled dependent.
- Borrower must not be attending an eligible postsecondary institution or be gainfully employed.
 Deferment must begin within 6 months after the borrower ceased to be enrolled at least half time at an eligible institution.
- 8. Borrower's salary must not be more than \$1 over the minimum hourly wage rate.
- Infants, toddlers, children, and youth with disabilities are defined in Section S 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
- Must be employed in a public or nonprofit program under public supervision. A qualified professional
 provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities
 Education Act.
- 11. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of Title I of the Elementary and Secondary Act of 1965.

Federal Perkins Loan <u>Cancellation</u> Conditions†

CANCELLATION CRITERIA	Federal Perkins/ National Direct Loans Made on or after 07/23/92	Loans Made	Loan Made	National Defense Loan
Total and permanent disability or death of borrower	100%	100%	100%	100%
Full-time employment in a Head Start Program 1	100%	100%	100%	N/A
Full-time law enforcement or correction officer 2	100%	100% 3	100% 3	N/A
Full-time teaching in low-income school eligible for funding under Chapter 1 of the Education Consolidation and Improvement Act of 1981 ²⁵	100%	100%	100%	100% 6
Full-time special education teacher, including teacher of infants, toddlers, children, or youth with disabilities ⁴⁷	100%	N/A	N/A	N/A
Provider of early intervention services in a public or nonprofit program under public supervision ^{2/8}	100%	N/A	N/A	N/A
Full-time teacher of handicapped services in a public or nonprofit elementary/secondary school	N/A	100% 4	100% 4	100%6
Full-time teacher of mathematics, science, foreign languages, bilingual education, or any field of expertise determined by the state education agency to have a shortage of qualified teachers ⁴	100%	N/A	N/A	N/A
Provider or supervisor of provision of services to high-risk children from low-income communities and their families ^{2/9}	100%	N/A	N/A	N/A
Nurse or medical technician providing health care service ⁴	100%	N/A	N/A	N/A
Peace Corps or ACTION Program volunteer 10	70% - Perkins (N/A - Natl. Direct Loan)	70%	N/A	N/A
Service in U.S. Armed Forces	50% 11	50% 11	50% 11	50% 12
Full-time teaching in public/nonprofit elementary/secondary school, institution of higher education or overseas U.S. Department of Defense elementary/secondary school	N/A	N/A	N/A	50% ¹³
Bankruptcy ¹⁴	in some cases	in some cases	in some cases	in some cases

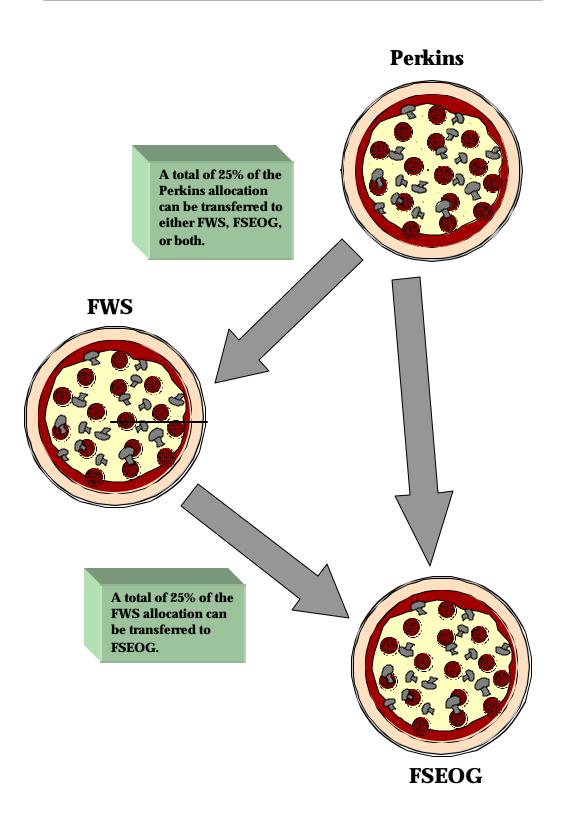
†Notes follow on the next page.

Federal Perkins Loan Cancellation Conditions

This chart is to be used for reference only. Refer to Part E of the Higher Education Act and 34 CFR Part 674, Subpart D, (which the chart and provisions summarize) if you have any questions about a particular borrower's eligibility.

- 1. Cancellation rate is 15% per year.
- 2. Cancellation rate is 15% per year for first and second years; 20% per year for third and fourth years; and 30% for fifth year.
- 3. Applies only to loans made on or after 11/29/90.
- 4. Cancellation rate is 15% per academic year for first and second years; 20% per academic year for third and fourth years; and 30% for fifth academic year.
- 5. If borrower teaches at a school that does not qualify as a low-income school in a subsequent year, the borrower remains eligible for loan cancellation as long as the borrower continues to teach full-time at the school.
- 6. Cancellation rate is 15% per academic year.
- 7. Infants, toddlers, children, and youth with disabilities are defined in Section 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
- 8. A qualified professional provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities Education Act.
- 9. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of the Elementary and Secondary Education Act of 1965.
- 10. Cancellation applies only to Federal Perkins Loans; it does not apply to National Direct Student Loans. Cancellation rate is 15% per year for first and second years; 20% per year for third and fourth years.
- 11. Military service must be in an area that qualifies for hazardous-duty pay. Cancellation rate is 12.5% per year of qualifying service.
- 12. Cancellation rate is 12.5% per year of consecutive service.
- 13. Cancellation rate is 10% per academic year.
- 14. Loan is cancelled only if collection is discharged by a bankruptcy court. If the loan is not ultimately discharged in bankruptcy, it again becomes the borrower's obligation.

What are the rules for transferring campus-based funds?





Checkpoint #3 – Transferring Funds

Sal's School of Pizza Design is allocated \$200,000 for the Perkins program, \$100,000 for the FWS program, and \$50,000 for FSEOG.

Sal's FAA decides to transfer the maximum allowable into FSEOG from the other programs.

1)	What will remain of the Perkins allocation?
2)	What will remain of the FWS allocation?
3)	What will be the new FSEOG amount?
4)	If the FAA wanted to, how much could he transfer from FSEOG into

one of the other programs?



- Federal Student Financial Aid Handbook: Campus-Based Programs Reference
- ★ 34 CFR 673-676
- Dear Colleague Letter CB-98-2 (1998-99 Electronic FISAP)
- Dear Colleague Letter CB-98-6 (Family Literacy Programs)
- Dear Colleague Letter CB-96-8 (Sample Promissory Notes)



Checkpoint #1: FSEOG Matching

1) \$100,000

2) \$ 25,000

Checkpoint #2: Community Service

Scenario A: \$30,000 Scenario B: \$13,000

Case Study

- 1) The ACA is actually **\$40,000** (5% of the \$800,000)
- Awarding exactly 5% of the federal allocation for community service jobs may not be sufficient, since students may turn down the jobs. Remember, the school must *expend* 5%, so they should **award more than 5%.**
- 3) The wage of the job is below federal minimum wage of \$5.15.
- The program described **does not count as a community service program** because it is not open to the entire community, only school employees and their children. It does, however, still count as a reading tutor program for the America Reads Challenge, and therefore requires no nonfederal match.

Checkpoint #3: Transferring Funds

- 1) \$150,000
- 2) \$75,000
- 3) \$125,000
- 4) \$0

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